

Vice Chair Steve Ostler  
Director Kevin S. Carter

**Board of Trustees  
School & Institutional Trust Lands Administration  
Salt Lake City, Utah  
May 9, 2013**

**Minutes**

<b>Attending:</b>	<b>Board</b>	<b>Staff</b>
	Steve Ostler	Kevin Carter
	Jim Lekas	Ron Carlson
	David Ure	Lisa Schneider
	Louie Cononelos	John Andrews
	Tom Bachtell	LaVonne Garrison
	Mike Mower	Tom Faddies
		Will Stokes
		Ed Bonner
		Jeff Conley
		Nannette Johnson

**Others in Attendance:**

Jill Flygare, Governor's Office of Planning & Budget  
Tim Donaldson, Utah State Office of Education  
Paula Plant, Utah State Office of Education  
Bruce Williams, Utah State Office of Education  
J.R. Nelson, Commissioner, Emery County  
Liz Zentner, PTA  
Dawn Davies, PTA

**Minutes for the Board of Trustees  
School & Institutional Trust Lands Administration  
Vernal, Utah  
May 9, 2013**

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<b>Adjourn</b>	

### **1. Welcome**

Vice Chair Steve Ostler conducted the meeting. He welcomed visitors and all others in attendance. He excused Chairman Dan Lofgren who was unable to attend. Mr. Ostler thanked the staff for the tour conducted on May 8 and the interesting topics covered at stops on the tour and presentations on the tour bus.

### **2. Approval of Board Minutes**

The minutes of April 18, 2013, were approved.

“I make a motion for approval of the minutes of April 18, 2013.”

Cononelos/Lekas      Unanimously approved

Roll Call:

Steve Ostler – yes      Jim Lekas – yes  
Dave Ure – yes      Louis Cononelos – yes  
Tom Bachtell – yes

### **3. Confirmation of Upcoming Meeting Dates**

June 20	Salt Lake City
July	No Meeting
August 20	Salt Lake City
September 25-26	Tour & Meeting St. George
October	No Meeting
November 21	Salt Lake City

Director Kevin Carter reviewed the calendar, which was approved by the Board. Director Carter invited Board Members to consider attending WSLCA conference to be held Omaha, Nebraska, in July. The Director reminded the Board the budget will be reviewed at the August Board meeting. He reviewed plans for the September Board meeting, which will be held in St George.

### **4. Consent Calendar**

#### **a. Henry Walker Homes Proposal for Developing 192 Acres on Green Springs Parcel & Final Approval Over Negotiated**

Steve Ostler, as a Board member representative on the Real Estate Committee for SITLA, provided an overview including the explanation of a mechanism to adjust pricing for appraisal changes over the life of the project as discussed in a recent Committee meeting. There were no comments on this item, so it will progress as outlined by Mr. Ostler.

#### **Notification**

There were no agenda items for notification at this meeting.

#### **Follow-up after Six Months**

There were no agenda items for follow-up at this meeting.

## **5. Director's Report**

### **a. Bishop Land Bill Proposal**

Director Kevin Carter used a large map to depict areas in Eastern Utah for preliminary consideration in the Exchange introduced by Congressman Bishop. The presentation identified areas in Eastern Utah for consideration based on Congressman Bishop's proposal to find a resolution in the ongoing debate for land use in these areas. Most counties and environmental groups provided guarded responses. A core group representing varied interest is looking into stakeholders suggestions in preliminary consideration of exchanges for resolution to land use debates.

Director Carter discussed a meeting he attended in Monument Valley in which the Tribe identified a natural conservation area in the red rock cliff area in San Juan County. The San Juan County Commission is concerned with the Tribes ask in the area. There are significant asks the county can make in the process to make the exchange worthwhile.

The Emery County requests have been in discussion for some time and are easily incorporated. Commissioner Nelson of Emery County provided support for the requests identified on the map.

The proposals do not yet define where Carbon County stands in these discussions regarding Desolation Canyon. Director Carter pointed out the Grand County plan on the map.

Mike Mower asked what the impact would be on the Seep Ridge Road if the proposals are accepted. Director Carter indicated the roads provide the dividing lines between areas for recognition the road exists.

Director Carter mentioned SITLA's plan with some big requests. He reemphasized negotiations are in the early stages and some areas may be difficult to acquire due to endangered plant protections.

### **b. Recreation Exchange Update**

John Andrews provided an update on the status of appraisals in the final stages of the recreational exchange. He reviewed the type of land being exchanged and the assets gained. The mineral appraisals are complete and came in lower than anticipated. The targets in the Uintah Basin were part of the old BLM classification of combined hydrocarbon lands, which BLM found hard to lease until the energy policy act of 2005. Those blocks were un-leased at the time talking about the exchange began. BLM segregated those lands so SITLA can acquire them in an un-leased status. Mr. Andrews provided details on valuation of the land and revenue distribution for leases.

Appraisals of SITLA property are schedule for completion in June. He mentioned it will be interesting to see how Corona Arch will be valued.

### **c. Minerals Revenue Resource Report**

Tom Faddies briefly discussed mining group revenue using data from FY 2003 to 2012 indicating the agency has enjoyed commodity growth during the last decade. He discussed status and projection for the following subject areas:

Gross Revenues for:

- Coal revenue
- Other minerals gross revenue
- Material permits

5. Director's Report (Cont'd)

c. Minerals Revenue Resource Report (Cont'd)

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Mr. Faddies reported on three additional topics with related information.

- Exploration
  - 2012 probably the most active year in Utah since early 80's
  - Coal: Definition of resources in Wasatch Plateau
  - Potash: Paradox Basin, Sevier Lake, Blawn Mountain
  - Au, Cu, RE elements in West Desert: Brownfield work in Tintic and Bingham Districts
  - Continued work on phosphate, gilsonite, tar sands, and oil shale in Uintah Basin
- Development
  - Sevier Lake Potash
  - Cottonwood Coal Tract
  - PR Springs Tar Sands
  - Blawn Mountain Potash and Alunite
  - Expansion of aggregate production onto SITLA lands at Pelican Point in Utah County
- Production
  - Coal: Advance royalties from Cottonwood Tract, Dugout, and West Ridge mines
  - Be: Materion at Spore Mtn.
  - Cu: Lisbon Valley Mine
  - U: Tony M and perhaps the Whirlwind mines
  - Gilsomite: American Gilsomite
  - Limestone: Graymont, Geneva Rock, Holcim
  - Geothermal: Roosevelt and Thermo
  - Potash: Intrepid @ Wendover and Moab Salt
  - Sand and Gravel: Pintura, Asphalt Ridge, Stockton and Spanish Valley
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Mr. Faddies described the usefulness for Board approval of an OBA in generating revenue.

**d. Oil & Gas Revenue Resource Report**

LaVonne Garrison reviewed prices of oil and gas using historical data across various markets. She presented production volumes for SITLA leases and concluded with a presentation of a SWOT analysis to facilitate projections as they relate to future revenue.

Ms. Garrison's presentation provided conclusions about gas.

- Gas is the highest revenue generating commodity in the agency
- Gas production has been constant from year to year at 10-12 BCF + 8-10mil gal NGL
- Highest gas producers are:
  - Natural Buttes Unit 49% production 45% royalty
  - Drunkards Wash Unit 22% production 16% royalty
- NGLs are becoming a significant value to the gas stream
- Prices are headed upward/MCF
- An increase from \$2.30 to \$3.50 would provide an additional \$15-16,000,000 in FY2014

5. Director's Report (Cont'd)

d. Oil & Gas Revenue Resource Report (Cont'd)

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The conclusions about oil are:

- Low gas prices have created a market for oil
- Oil is the second highest revenue generating commodity
- 2012 oil averaged \$83.71/bbl – highest in SITLA history
- Predictions are for oil to stabilize under \$100 over the next 1-2 years then increase steadily
- SITLA sells a constant average 150-155,000 BOPY + 25,000 bbls condensate
- New oil units in Uintah and San Juan counties may work to increase annual production (Maverick, Cane Creek)

6. Chair's Report

a. **Beneficiaries Report - Update on the School Land Trust Program**

Paula Plant gave an update on the legislation passed in the recent general session. She stated the questions most often asked are related to how much money schools receive.

**Average School Amounts**

- Elementary \$27,809
- Middle/Jr. High \$39,180
- High \$46,238

Examples:

Bingham High \$108,541 with 2382 students

Wayne High \$25,564 with 149 students

Ms. Plant provided details on the change to funding formulas to include charter schools. The largest percentages of the funds are used for reading, math, and writing. Funds are also used for science, technology. Smaller percentages are used for fine arts, social studies, health, and foreign language education. Within the areas of study the bulk of funds are applied to salaries, benefits, and technology.

Ms. Plant provided an overview of the structure of community council members with a six-member council being the smallest structure consisting of the principal, one employee, and four parents. Schools can hold an election when there are enough potential participants. All members of the council receive training and schools seek increased parent involvement.

Assistant Superintendent, Bruce Williams, attended the meeting and the tour the day before. He thanked the Board for the role they play in revenue generation for schools.

b. **Director's Reappointment Discussion**

The Board went into closed session to discuss performance of an individual and the reappointment of Director Carter.

Upon returning to open session, the motion was made to adjourn.